



January 25, 2007

Margaret Davis
Controller
Flour Hanford
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FY2006 SUPPORT COST BY FUNCTIONAL ACTIVITY REPORT (SCFAR)
FLOUR HANFORD PEER REVIEW

Dear Ms. Davis,

We have reviewed the Support Cost by Functional Activity Report (SCFAR) for Flour Hanford (FH) for FY 2006. The purpose of the review was to confirm that the data reported by FH complied with the guidelines and definitions set forth by the Financial Management Systems Improvement Council (FMSIC).

Methodology used by FH to compile the Functional Support Cost Report

The methodology utilized by FH in preparing the FY 2006 SCFAR identified costs using their lowest level of the WBS. Overhead burdens and Service Center billings were stripped from total actual cost to derive prime cost. The accounts are characterized in functional support cost elements or as mission direct based upon the primary service provided.

Implementation of Recommendations from Previous Peer Review

All recommendations appear to have been implemented from the last Peer Review.

Recommendations during the Peer Review

1. Central Admin Services included the following items.

TEAM RECOMMENDATION: The team recommends these support costs be excluded and placed in the appropriate category.

- WBS 4.4.6.1.BA – PROCUREMENT ASST DB SPT (PADS) \ \$72K should be captured in the functional cost category Procurement.
- WBS 4.4.6.1.BR – LMSI COMPUTER SYS SUPP ORP \ \$71K should be captured in the functional cost category Information Services.

SITE RESPONSE: FH agrees with the team's recommendations.

2. Environmental included the following items.

TEAM RECOMMENDATION: The team recommends these support costs be excluded and placed in the appropriate category.

- WBS 4.1.2.8.3.19.1.5 – VERIFICATION SAMPLING \ \$72K should be captured in the functional cost category Laboratory/Tech Support.
- WBS 4.3.1.1.1.7 – PCB CLEANUP \ \$490K should be captured in the functional cost category Mission.
- WBS 4.3.2.2.5 – WSCF ANALYTICAL SUPPORT \ \$424K should be captured in the functional cost category Laboratory / Tech Support.
- WBS 4.4.3.8.6 – CHEMICAL MANAGEMENT \ \$111K should be captured in the functional cost category Safety and Health.

SITE RESPONSE: FH agrees with the team's recommendations.

3. Human Resources included the following items.

TEAM RECOMMENDATION: The team recommends these support costs be excluded and placed in the appropriate category.

- WBS 4.4.8.1.16 – SITE BROKERING \ \$34K should be captured in the functional cost category Information Outreach.
- WBS 4.4.8.1.3 – HAZARDOUS WASTE TRAINING \ \$370K should be captured in the functional cost category Safety and Health.
- WBS 4.4.8.1.4 – RESPIRATOR TRAINING \ \$551K should be captured in the functional cost category Safety and Health.
- WBS 4.4.8.1.6 – BERYLLIUM WORKER TRAINING \ \$27K should be captured in the functional cost category Safety and Health.
- WBS 4.4.8.1.7 – MASK FIT \ \$213 should be captured in the functional cost category Safety and Health.

SITE RESPONSE: FH agrees with the team's recommendations.

4. Logistics included the following items.

TEAM RECOMMENDATION: The team recommends these support costs be excluded and placed in the appropriate category.

- WBS 4.3.1.2.13 – PATCHING/PAVING \ \$188K should be captured in the functional cost category Maintenance.
- WBS 4.3.1.3.4 – FLEET MAINT – DIRECT CRFT \ \$1,958K should be captured in the functional cost category Maintenance.
- WBS 4.3.1.3.5 – FLEET MAINT – INDIRECT (CRFT) \ \$567K should be captured in the functional cost category Maintenance.

- WBS 4.4.6.1.18 – WPPSS ROAD MAINTENANCE \ \$16K should be captured in the functional cost category Maintenance.

SITE RESPONSE: FH agrees with the team's recommendations.

5. Maintenance included the following items.

TEAM RECOMMENDATION: The team recommends these support costs be excluded and placed in the appropriate category.

- WBS 4.1.1.1.8.1.1.5 – SNF SPARES/RESERVES \ \$53K should be captured in the functional cost category Logistics.
- WBS 4.1.2.2.2.2 – MAINTAIN COMPLIANT FACILITY \ \$416K should be captured in the functional cost category Environmental.
- WBS 4.1.4.1.2.11 – SPARE PARTS ADJ/EXCESS \ \$25K should be captured in the functional cost category Logistics.

SITE RESPONSE: FH agrees with the team's recommendations.

6. Safeguards and Security included WBS 4.3.1.6.4 – SITE SIREN SYSTEM \ \$252K.
TEAM RECOMMENDATION: The team recommends this cost be included in the functional cost category Safety and Health.

SITE RESPONSE: FH agrees with the team's recommendations.

7. Laboratory/Technical Support included WBS 4.4.6.3.DN – 1691801-300 FF WELL DRILLING \ \$545K.
TEAM RECOMMENDATION: The team recommends this cost be included in the functional cost category Environmental.

SITE RESPONSE: FH agrees with the team's recommendations.

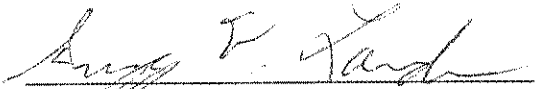
Accuracy Assessment

The Peer Review Team has concluded that FH has met the intent of the guidelines and definitions and has achieved a level of accuracy at or above 90%.

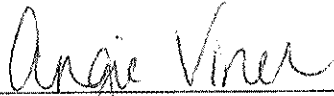
We would like to thank Lance Gallup for his help and support during the review.

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